



## **Request for City Council Committee Action From the Department of Public Works**

**Date:** December 16, 2003  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Referral to:** Community Development Committee

**Subject:** **Nicollet Hotel Block Redevelopment;  
Rejection of Redevelopment Proposal**

**Recommendation:**  
Receive and File.

**Previous Directives:**  
Authorization to issue Request for Proposals approved by Council on May 2, 2003.

**Prepared by:** Robert Morgan, P.E., 673-3610  
**Approved by:**

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Klara A. Fabry, P.E., City Engineer, Director of Public Works

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Lee Sheehy, Director, CPED  
Chuck Lutz, Deputy Director, CPED

**Presenter:** Robert Morgan, P.E.

### **Financial Impact** (Check those that apply)

☒ No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)

- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

☐ Request provided to the Budget Office when provided to the Committee Coordinator

### **Background/Supporting Information:**

The MCDA, issued a Request for Proposals for the redevelopment of the Nicollet Hotel Block on May 5, 2003. Proposals were due on October 10, 2003. One proposal from TOLD Development Company was received. By State statute, data submitted by a business to a government entity in response to a request for proposals (other than the name of the proposer) is private or non-public information, and therefore the contents of the TOLD proposal cannot be disclosed.

Although there were some strong aspects of the TOLD proposal, important portions of the proposal, especially the financial portion, are incomplete. CPED has requested additional financial information but as of December 5, had not received an adequate response.

Based on comments received from other developers who chose not to submit proposals as well as our preliminary discussions with TOLD, the requirement in state law that the Terminal be publicly bid by the City separate from the balance of the development appears to be a significant impediment to development of the site. This requirement could introduce an additional contractor into the project over which the developer has no direct control. It introduces liability issues and scheduling problems. It means the developer cannot begin major work until the Terminal contractor has completed most of their work to the satisfaction of the City Engineer, the Metro Transit General Manager, and the Federal Transit Administration.

Staff is exploring the feasibility of requesting a change in state law in the 2004 Session which would permit the entire development, including the Terminal, to be to be constructed by the developer in a manner similar to other recent projects in Minneapolis such as the "Guthrie" parking ramp. If a decision is made to pursue this change, the RFP will be modified and reissued. We believe these changes will present a much more desirable opportunity for a developer and result in more proposals. We anticipate this approach will simplify negotiations and speed construction, reclaiming a portion of the time lost by rejecting the TOLD proposal.

cc: Council Member Lisa Goodman  
Mike Setzer, General Manager Metro Transit